

HB 105 PROVIDE INSURANCE COMMISSIONER AUTHORITY TO REVIEW AND APPROVE HEALTH INSURANCE PREMIUMS

A bill to allow the Commissioner of Securities and Insurance to regulate health insurance premium rate increases.

What does HB 105 do?

Montana is one of the only states where the state insurance commissioner does not have explicit legal authority to review and disapprove unreasonable health insurance premium rate increases. Oversight at a state-level gives consumers and companies access to direct, prompt, meaningful interaction with regulators who understand our people, our communities and our markets.

HB 105 requires health insurers to annually file rates with the Commissioner 60 days prior to use at the same time the insurer notifies policyholders of proposed rates. If the Commissioner does not disapprove the rates within 60 days, rates are deemed approved. The company may file amended rates throughout the next 12 months.

Beginning January 1, 2011, all health insurers have to meet requirements for minimum loss ratio (MLR), the percentage of premium insurers must spend on medical costs.

HB 105 also allows insurers to submit a minimum loss guarantee at the time of filing and have rates deemed approved after 60 days without prior approval by the Commissioner.

In HB 105, the Commissioner is limited in what she may consider when disapproving a rate.

Rate Review Authority in Other States				
Prior Approval "File and Wait"	Prior Approval with Deemer "File and Wait Certain Number of Days"	Able to Disapprove Subsequent to Filing "File and Use" (Proposed HB 105)	No Approval Required "File for Information Only"	No Filing
6 (Oregon, New Mexico)	26 (North Dakota, South Dakota, Colorado)	7 (Idaho, Wyoming)	8 (Utah, Texas)	3 (Montana, Georgia and Missouri)

What happens if HB 105 is not passed?

If HB 105 is not passed, federal law will preempt current state law. Federal pre-emption is a common practice in regulating insurance, for example HIPAA(1996), Medicare Supplement(2005), and Gramm Leach Bliley (1999).

HHS recently published guidance on unreasonable rate increases that states any premium increase over 10% must be reviewed by the state insurance commissioner or HHS if the state does not have effective rate review.

If HB 105 does not pass this session, the federal Office of Consumer Information and Insurance Oversight under HHS will enforce minimum standards for health insurance rates in our state.

Health insurance companies will still be required to file premium rate increases with CSI, but the office will not have the authority to disapprove a rate increase that is unreasonable.